

**IOWA AGRICULTURAL
DEVELOPMENT DIVISION**

A DIVISION OF IOWA FINANCE AUTHORITY

IADD BOARD MEETING MINUTES

**Iowa Finance Authority
1963 Bell Avenue, Suite 200, Des Moines, Iowa
February 27, 2019**

Board Members Present

Lyle Borg, Chair John Fredrickson
Mark Leonard, Vice Chair Annette Townsley

Board Members Absent

Stacie Euken (resigned)

Staff Members Present

Lori Beary, Community Development Director Ksenia Gardino, Staff Accountant
Debi Durham, Executive Director Tammy Nebola, IADD Program Specialist
Steve Ferguson, IADD Program Specialist Becky Wu, Loan Servicing Specialist

Others Present

Dave Claypool, Dorsey & Whitney

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Borg on February 27, 2019 at 9:30 am. A quorum was established with the following Board Members present: Borg, Leonard, Fredrickson and Townsley. Stacie Euken has resigned from the IADD Board of Directors. Gretchen McLain from Libertyville Savings Bank was appointed as a member of the Agricultural Development Board. She does still need to be confirmed by the Senate, if confirmed, her term will begin on May 1, 2019 and end April 30, 2025. The IADD Board would like to meet in house for her first Board Meeting.

REVIEW OF MINUTES OF JANUARY 23, 2019 BOARD MEETING

Mr. Borg presented the minutes of the January 23, 2019 IADD Board Meeting. Mr. Borg asked if there were any additions or corrections to the minutes. Tammy Nebola had a couple corrections, one to the beginning farmers name on LPP P0256 and a grammatical error in the 2nd paragraph on page 3.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the minutes of the January 23, 2019 IADD Board meeting, as corrected.

REVIEW OF JANUARY 2019 FINANCIAL STATEMENT

Becky Wu presented the January 2019 financials. She stated that for FY19 year-to-date, IADD had operating income of \$332,000 operating expense of \$248,000 and net operating income of \$84,000.

MOTION

On a motion by Mr. Leonard and a second by Mr. Fredrickson, the Board unanimously approved the January 2019 financial statement as presented.

DISCUSSION ON LOAN PARTICIPATION PROGRAM FUNDING

Lori Beary discussed the LPP loans committed but not yet funded and the need for additional line of credit funds. At the IFA Board Meeting on March 6th a resolution will be presented to increase the line of credit from IFA to 3 million.

LOAN PARTICIPATION PROGRAM RECOMMENDATIONS

Lori Beary discussed the LPP Program Recommendations to enhance the program and allow a more seamless process for construction projects that may take longer than the 6 month commitment. The recommendations include:

- Extending the Conditional Commitments on all LPP projects to 12 months
- Lock the interest rate at time of approval and the rate lock would last until the Conditional Commitment expires in 12 months
- At the end of the 12 months if the beginning farmer and lender would like to extend the Conditional Commitment and keep the project in the approved pipeline they will need to:
 - Complete a Lender Certification Form
 - Submit an updated financial statement less than 90 days old
 - Submit an updated cash flow
 - Submit an updated pro-forma financial statement
- The project will then go back to the Loan Committee and IADD Board to approve a new 12 month Conditional Commitment
 - If approved the new Conditional Commitment will be subject to the current interest rate

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Leonard, the Board unanimously recommended approval of the changes to the LPP program requirements stated above.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 19-006 – Trevor & Kristin Titus – Beginning farmer loan of \$300,000 to purchase approximately 158 acres of agricultural land in Jasper County. The loan will have a 4.375%

variable interest rate and a loan length of 30 years. The index will be 2.25% over the current 5 year Treasury index. The lender is Bank Iowa in Newton, Iowa.

AG 19-007 – Chase Maynes – Beginning farmer loan of \$206,150 to purchase approximately 62 acres of agricultural land in Adams County. The loan will have a 4.75% variable interest rate and a loan length of 30 years. The index will be 0.75% less than Wall Street Journal Prime rate. The lender is TS Bank in Corning, Iowa.

AG 19-008 – Dan & Samantha DeWitt – Beginning farmer loan of \$187,500 to purchase approximately 40 acres of agricultural land in Tama County. The loan will have a 5.52% variable interest rate and a loan length of 30 years. The index will be 85% of 2% over the 10 year Treasury. The lender is U.S. Bank, N.A. in Vinton, Iowa.

AG 19-009 – Adam Paulsen – Beginning farmer loan of \$250,000 to construct a 1,200 head hog confinement in O'Brien County. The loan will have a 4.99% variable interest rate and a loan length of 15 years. The index will be 0.25% above New York Prime. The lender is First National Bank in Primghar, Iowa.

AG 19-010 – Matthew & Megan Stumpf – Beginning farmer loan of \$265,711 to purchase approximately 74 acres of agricultural land in Calhoun County. The loan will have a 3.65% variable interest rate and a loan length of 40 years. The index will be US Treasury 5 year index. The lender is First State Bank in Webster City, Iowa.

AG 19-011 – Deric John and Sarah Elizabeth Sieck – Beginning farmer loan of \$317,008 to purchase approximately 97.12 acres of agricultural land in Fayette County. The loan will have a 4.10% variable interest rate and a loan length of 30 years. The index will be 60% of Readlyn Savings Bank Base Rate. The lender is Readlyn Savings Bank in Readlyn, Iowa.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board approved the BFLP applications.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on February 27, 2019 at 10:15 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 10:16 am.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously recommended approval of the BFLP Bond documents.

BFTC LEGISLATION SUMMARY

Lori Beary presented a detailed overview of the Beginning Farmer Tax Credit legislation proposed by Farm Bureau. Everyone agrees that the annual allocation needs to be increased to \$12 million. However, Lori Beary explained the concerns with the proposed legislation. Debi

Durham expressed the concerns with the lack of communication from Farm Bureau. While there are many concerns with the bill the largest concern is the language that changes the way we allocate tax credits and eliminates the tax credit certificate. It undermines the integrity of how we run our programs from a fiduciary responsibility point of view. Many of the other changes unravel the purpose of the program which is to allow beginning farmers to get access to land thus reducing the barrier of entry. There was extensive discussion about the legislative concerns and the desired intent of the Beginning Farmer Tax Credit Program.

FEDERAL LEGISLATIVE ISSUES

Debi Durham shared that IFA staff will be making a trip to Washington in May to meet with legislative delegation on a few concerns. One issue is proposed changes to private activity bonds, so she was hoping one or two of the IADD Board Members would go along to help support the changes.

IFA AND IADD BOARD OF DIRECTORS

Debi Durham discussed her desire to restructure the IFA Board so that IADD and Title Guaranty Divisions are both represented with a voting member. That type of change could not be made without changes to code but it may be possible to add an IADD Board Member as an ex-officio member on an interim basis until a change like that could be made.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 67 new BFTC applications for an estimated tax credit amount of \$416,449.19. He noted that of those, 32 are cash rent, 30 are crop share and 5 are a hybrid lease.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications as presented.

MARKETING UPDATE

Included in the Board packet is the IADD marketing calendar. Mr. Ferguson reviewed some of the recent events he's attended. He also discussed some upcoming events.

OTHER BUSINESS

LPP LOAN COMMITTEE

Lori Beary pointed out that Stacie Euken, who has resigned, was one of the Loan Committee members. She asked if one of the other Board Members would like to volunteer for the position on an interim basis until a permanent member is appointed. The Board discussed the possibility of appointing our new Board member, Gretchen McLain as a member of the Loan Committee but her term doesn't start until May 1. They also felt it was important for her to be comfortable with the programs before appointing her to the Loan Committee. John Fredrickson volunteered to fill the Loan Committee position on an interim basis.

NEXT IADD BOARD MEETING

The March IADD Board meeting will be Wednesday, March 27, 2019 at 8:30 am, via conference call.

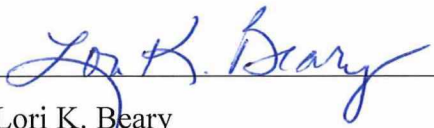
ADJOURNMENT

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the February 27, 2019 meeting of the IADD Board of Directors adjourned at 11:19 am.

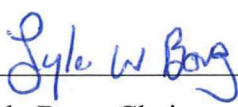
Dated this 27th day of March, 2019.

Respectfully submitted:

Approved as to form:



Lori K. Beary
Director's Designee/Board Secretary



Lyle Borg, Chair
IADD Board